

ABSTRACT OF THE DISCLOSURE

A portfolio management system is disclosed wherein a portfolio of stocks is purchased, such as a portfolio based on the proportional weighting of stocks in a suitable index or exchange traded fund. For each options cycle, covered calls and cash-secured or margin-secured puts are written for all of the shares of stock in the portfolio. Premiums are collected for the writing of the options. At the end of the options cycle, the "out of the money" options expire without value and the "in the money" options are closed out, using, preferably, a portion of the premiums from the writing of the options, leaving some portion of the premiums to provide an enhancement in the total return from the portfolio. Additionally, a collar and/or a vertical call credit spread combination can be implemented for the portfolio.